

# FRIDAY ALERT



**Alliance for Retired Americans**

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## **Prescription Drug Prices Becoming More Unbearable as Economy Slides**

People with health insurance are having more trouble paying for prescription drugs as higher out-of-pocket costs for medications and a slowing economy strain family budgets, according to surveys and health care analysts. The Virginia-based National Patient Advocate Foundation, which helps people pay medical bills, found that 31% of the 44,729 people it aided last year cited drug co-payments as their top medical-debt problem. In some cases, the patient's share of drug costs ranges as high as 70% of the total. Thirteen percent of insured Americans report that paying for drugs is a serious problem, says a recent poll by *USA Today*, the Kaiser Family Foundation and Harvard School of Public Health. That's up from 9% in a foundation survey in 2000. The 31% reporting drug payments as their top medical-debt problem to the patient foundation rose from 26% of people in 2006 and 17% in 2005. Patient payments for generic drugs rose 38% from 2000 to 2007, and some brand-name drugs rose 48%, the Kaiser data show. Inflation rose 21% during those years. Prescription drugs account for about 10% of all health care spending in the U.S. "I am appalled that at a time when more and more Americans are struggling to afford their prescriptions, drug company profits and CEO pay continue to reach record highs. Our government keeps looking the other way while these companies profit off of people just trying to follow their doctor's orders," said **George J. Kourpias**, President of the Alliance.

## **Alliance Supports American-Made Air Force Tanker**

The Alliance is concerned about a recent U.S. Department of Defense decision to award an up to \$100 billion contract for the construction of Air Force refueling tankers to Northrop Grumman and the European firm EADS, maker of Airbus. A tanker built by the U.S. firm Boeing would have instead provided over 44,000 family-supporting jobs in America in over forty states. The action leaves the U.S. relying on foreign countries to provide the military hardware needed for national defense. *Time* magazine reports that Sen. **John McCain** (R-AZ) wrote letters and pushed the Pentagon toward Airbus. The Alliance supports congressional efforts to reconsider this decision on national security and economic grounds. **Mr. Kourpias** said this issue affects all of us, as there cannot be a strong, secure retirement for American workers if our country does not have solid middle-class jobs. Kourpias urged Alliance members to contact their elected officials on this issue by clicking on <http://capwiz.com/iamaw/issues/alert/?alertid=11106876&type=CO>.

## **CMS Actuary: Medicare Advantage Raises Costs for All Beneficiaries**

Medicare Advantage (MA) plans are shortening the solvency of the Part A Trust Fund, **Rick Foster**, the Chief Actuary for the Centers for Medicare & Medicaid Services, told the House Ways and Means Health Subcommittee this week. At the hearing, the chairman of the panel, Rep. **Pete Stark** (D-CA) said, "When [Health and Human Services] **Secretary Leavitt** appeared before the Subcommittee earlier this year, he made alarmist statements about the future of Medicare and told

us to 'call the government actuary'. Well, we did," said Chairman Stark, "and the Medicare Chief Actuary made it clear time and time again today that overpayments to private plans are a serious drain on Medicare's financing that undermine the program's financial health and raise costs for all beneficiaries." In the hearing, Mr. Foster testified that if the law were changed such that benchmarks were set at fee-for-service rates, then it would extend the solvency of the Medicare Trust Fund by about 18 months. He also indicated that overpayments increase premiums for all 44 million seniors and people with disabilities by about \$3 a month. When directly asked if MA ever costs less than fee-for-service, Foster flatly said, "No, not under current law."

### **Falling Stock Market, Home Values Leading to Delayed Retirements**

According to *The Wall Street Journal*, retirement planners are seeing large numbers of older workers put off retirement, as the housing and stock market troubles deepen. Many Americans hurt by the economic downturn have had to change course abruptly. In February, the ranks of those 65 and over in the work force rose to 16.2% from 16% last April - meaning 212,000 more hands on deck. With their homes worth less, fewer people feel confident enough to retire, even if they plan to continue living in them. And unlike younger workers, older employees don't have years to make up for downturns in the stock market. A recent Schwab survey of 1,006 financial advisers indicated that nearly a quarter of their clients are considering working longer specifically because of the economic fallout of the past 12 months. "This is a reminder of how many current retirees feel they may be the last generation that gets to retire," said **Ruben Burks**, Secretary-Treasurer of the Alliance. "According to an Alliance poll taken last year, only 12% of retirees believe their children will be better off than they are."

### **Northeastern Regional Meeting Less Than Two Weeks Away**

The national Alliance will hold its second regional conference of 2008, April 17-18 in Philadelphia, PA. The Northeastern Regional Conference will provide a forum to work with other activists in the region to learn how to increase grassroots advocacy, get seniors and retirees registered and voting, and educate federal, state and local legislators on the issues that concern retirees. Join us to set the course for the Alliance and for a country that cares about workers, retirees and their families. For copies of the official registration form for any of the three upcoming regional conferences, call 1-888-373-6497, visit [www.retiredamericans.org](http://www.retiredamericans.org), or email **Joni Jones** at [jjones@retiredamericans.org](mailto:jjones@retiredamericans.org). Locations and dates for later conferences are: Midwestern Regional Conference, April 28-29, 2008 in St. Louis, MO; and Southern Regional Conference, June 4-5, 2008 in Orlando, FL. The Western Regional meeting took place in March.

### **Alliance Loses Family Member in Lena Fransetta**

**Lena Fransetta**, 72, wife of Florida Alliance president **Tony Fransetta**, passed away on Monday, March 31, during surgery. Mrs. Fransetta will be remembered as a wonderful cook, seamstress and artist, and will be missed greatly. "Since the inception of the Florida Alliance, we have considered Lena as much a part of the Alliance family as we have Tony," said **Edward Coyle**, Executive Director of the Alliance. "Our thoughts and prayers go out to the entire Fransetta family at this time."